

Lantier, Brian

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE: ADAMS GOLF, INC. : CONSOLIDATED
SECURITIES LITIGATION : C.A. NO. 99-371-KAJ

ORAL DEPOSITION OF BRIAN LANTIER

Monday, June 5, 2006

The oral deposition of BRIAN LANTIER was held at the Wyndham Syracuse Hotel, 6301 Route 298, East Syracuse, New York, from 12:00 noon to 4:59 p.m., before Cynthia A. Sanders, a Certified Shorthand Reporter in and for the State of New York and Registered Professional Reporter.

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1 information about what was happening in the
2 marketplace.
3

4 I think some of the things that we wrote
5 here in August ultimately played out to the detriment
6 of Adams, that we were concerned about. Things like,
7 Orlimar really offering big rebates, leading better
8 placement in the golf shop. Callaway's product really
9 had some buzz in early August already, which surprised
10 us; I didn't think it was a very good club, and it
11 surprised me. And it clearly was a very successful
12 club in '99 and 2000, which we did not expect in 1998.

13 Q Let's back up a moment to when this began.
14 At page 27 you write: We have spoken with
15 a number of leading on-and-off golf shops in the U.S.
16 over the past three months.

17 Before we go on, this report was written
18 August 28?

19 A Um-hmm.

20 Q Three months before August 28 was May 28?

21 A Um-hmm.

22 Q When did the pro shops survey actually
23 begin?

24 A I don't remember the specific date, but
25 that sounds about right. Given the other timeline of

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1 some of the meetings we had in April, the intensive
2 due diligence would have occurred -- would have
3 started in May, June, time frame.

4 So it sounds like we were probably just
5 about right in starting our pro shop survey in the
6 middle to the end of May.

7 Q Was there an event in the underwriting
8 process that triggered the beginning of the pro shop
9 survey?

10 A I don't think so, I think it was more
11 seasonality. You know, we could have started earlier,
12 clearly in the spring, down south, but we wanted to
13 get a good cross section of the country, so we went
14 with the middle of May; people are going to be playing
15 golf everywhere by then.

16 Q Now, mechanically, when did you actually
17 start putting together this lengthy report?

18 A I can't recall the actual date, but we
19 would have started clearly before the date of the
20 first-call note, which was August 9th or something --

21 Q 4th?

22 A -- August 4th. We would have started
23 somewhere around that time frame and used that as the
24 general outline and then expanded from there.
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1 Q When this was completed, how was it
2 released?
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4 A This also has a very specific procedure by
5 which it's released, and I can't recall exactly what
6 that procedure is. But it's also a time-sensitive
7 document that's released broadly to the firm and the
8 public at the same time. But I can't recall if it's
9 released electronically, all at once, or -- And
10 clearly, I'm sure it's changed since 1998, but I can't
11 recall how we released it.

12 I know that, again, it was not something
13 that was disseminated separately and then, you know,
14 to certain individuals or investors or anything. The
15 release of a report is something that is done to
16 insure fairness among all investors, so it would have
17 gone out to everyone at the same time.

18 Q Was there a hard copy mailing?

19 A There was a hard copy mailing. It would be
20 done not by the research -- Well, I'll take that
21 back. We had our own mailing list; I didn't maintain
22 one, I didn't have enough contacts to maintain a
23 mailing list. But Mr. Picchi would have a mailing
24 list, they would have received a mailing. The -- And
25 the individual salespeople handling institutions, as

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1 well as individuals, would have handled their own
2 mailing; but I don't know the mechanism of how that
3 worked.
4

5 Once it was printed and it came back from
6 the printer, then we were able to, you know, just --
7 It was then available to all the salespeople and to
8 all of our investors at the same time.

9 Q All right. Did it -- What significance
10 does the August 28th date have on this document?

11 A That was the date that it, I would assume,
12 went to the printer. Usually the print turn-around
13 time is less than a day, especially for a document
14 like this; it's relatively small.

15 Q And when, to the best of your knowledge,
16 was it first distributed?

17 A It probably was on the sales floor that
18 day -- I don't know if this is a weekday or weekend
19 or what date that is?

20 A That would have been the date that we
21 expected it to come back from the printer. It came
22 back, it appears on a Friday, when each individual
23 salesperson mailed it out is hard to say, because that
24 was something they handled themselves.

25 Q Was it electronically distributed on the

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1 28th?

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2
3 A I don't believe at this time we were doing
4 electronic distributions, but I could be completely
5 wrong on that.

6 Q Was -- In addition to the report, itself,
7 was something put on a first-call note or summary
8 electronic form on that date?

9 A I don't believe so. The first-call note
10 would have been the down-sized version of this, the
11 August 4th note, because that was our initiation of
12 coverage, and this is just the extended version with
13 models.

14 Q Now, on the survey, itself, did anyone
15 other than you and Mr. Picchi make calls?

16 A In our research department; no, not that I
17 can recall. I don't know if the investment banking
18 group was still doing any due diligence at that point,
19 but in the research department -- And for the most
20 part, it would have been me making the calls. Bernie
21 may have attended -- listened in on some of the calls,
22 but for the most part, I was doing the pro shop
23 survey.

24 Q And you called between 50 and 100 --

25 A Yes --

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1 Q -- stores?

135

2
3 A Sorry.

4 Yes, I don't know how many responses we
5 would have gotten, but there were 50 to 100, and we
6 called them.

7 Q And did you call some of them more than
8 once over the three-month period that the survey was
9 conducted?

10 A I believe so, yes.

11 Q How did you keep the records straight?

12 A A lot of it was because they are subjective
13 answers; this is selling well, this isn't. It wasn't
14 something that you could say: Okay, you sold 38 Title
15 Lies, so we'll put that into a chart, and you sold 15
16 Warbirds; it was what's demand, what's good, bad,
17 different. Are people liking Orlimar? Is that
18 driving traffic? Do you like Orlimar? Do you like
19 the profit you're making off it? So it was a lot of
20 subjective questions and answers.

21 And I think you see that on our commentary
22 on the survey. That's what we used Golf Data Tech
23 for, because they had the physical numbers; ours was
24 more subjective in terms of what was working.

25 Q Did you make notes of your telephone calls?

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1 A I would assume that we had notes of some
2 136

3 sort, but I don't have the files, I don't know if
4 Lehman has the files.

5 Q Okay. When you made notes in those days,
6 did you do it on a computer or on a yellow pad or
7 something?

8 A For the most part it was handwritten.

9 Q And by the time you were finished with the
10 pro shop survey, what kind of collection of notes did
11 you have?

12 A I don't know. Every firm, every shop gave
13 you different amounts of information. Some might be
14 as simple as we're selling a lot of Orlimar, and you
15 might have made 50 calls and ended up with a page a
16 day, and some others might give you some valuable
17 information.

18 Q I'm just talking about the physical paper,
19 if you got a quick response from someone.

20 A Um-hmm.

21 Q I assume you would use a piece of paper to
22 jot it down?

23 A Yeah. I think that's safe to assume, but
24 there was no folder of pro shop survey results, that
25 was an inch thick or anything. There were probably a

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1 few pages somewhere. But where they ever went, I have
2 137

3 no idea.

4 Q Did you consciously ever throw them out?

5 A No. Like I said, when we resign it was
6 very much -- they packed up all my stuff that was
7 physically mine and mailed it to my new job, and that
8 was that.

9 Q Now, on page 27 -- And I just want to
10 focus on the paragraph, for the moment,
11 margins/pricing.

12 A Um-hmm.

13 Q You write: One concern that we should
14 report is that Adams, Title Lies are appearing in
15 Costco wholesale stores with increasing regularity.

16 What was the increasing regularity, in
17 general terms, that you're referring to there?

18 A I don't have a specific number to say they
19 were increasing from 20 stores to 50 stores; I don't
20 know what the numbers were, but we were hearing -- or
21 I was hearing of it more frequently. I don't know
22 what the increased frequency would be, but --

23 Q And how were you hearing of it?

24 A Again, through -- possibly from an investor
25 or from the pro shop survey.